

VAMSHI RUBBER LIMITED
AN ISO 9001:2000 CERTIFIED COMPANY



Vamshi Rubber Limited



15th Annual Report
2008-2009



BOARD OF DIRECTORS :

- 1) Sri M. Ramesh Reddy, Chairman
- 2) Sri R. Surendra Reddy, Managing Director
- 3) Sri P. Varun kumar, Director – Finance
- 4) Sri K. V. Sarma, Director – Operations
- 5) Sri S. Ramachandra Prasad, Director
- 6) Sri M. Arun Kumar, Director (upto 31-10-2008)
- 7) Sri A. Vamshidhar Reddy, Director
- 8) Sri A. Venkat Reddy, Director

AUDITORS :

M/s. A. M. Reddy & Co,
Chartered Accountants
103, My Home Plaza,
Masab Tank, Hyderabad – 500 028

BANKERS :

State Bank of India,
Commercial Branch,
Bank Street, Kothi,
Hyderabad – 500 001

REGISTERED OFFICE :

8-2-594/1/A/1, Opp. Hotel Taj Krishna,
Banjara Hills, Road No.1,
Hyderabad – 500 034
Phone : 040-23353280 /23353281
Fax : 040-23353282
Email: info@vamshirubber.org

FACTORY :

Survey No. 312/E, Lingo jigudem Village,
Choutuppal Mandal,
Nalgonda District - 508 252,
Andhra Pradesh

STATUTORY COMMITTEES

Audit Committee

Sri A. Venkat Reddy
Sri A. Vamshidhar Reddy
Sri S. Ramachandra Prasad

Remuneration Committee

Sri S. Ramachandra Prasad
Sri A. Venkat Reddy
Sri A. Vamshidhar Reddy

Share Holders / Investors

Grievance Committee

Sri. P. Varun Kumar
Sri A. Vamshidhar Reddy
Sri A. Venkat Reddy

Registrars & Share Transfer Agent

CIL SECURITIES LIMITED

214, Raghava Ratna Towers
Chirag Ali Lane, Abids,
Hyderabad - 500 001.

Phone : 040-23203155 / 23202465

Fax : 040-23203028 / 66661267

e-mail : advisors@cilsecurities.com

cil@rediffmail.com

CONTENTS

Notice to Share Holders	: 1	Profit & Loss Account	: 24
Directors' Report	: 3	Schedules to Accounts	: 25
Report on Corporate Governance	: 8	Notes on Accounts	: 31
Auditors' Report	: 20	Cash Flow Statements	: 37
Balance Sheet	: 23	Balance Sheet Abstract	: 38



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED**, will be held on Tuesday, the 29th day of September, 2009 at 10.30 A.M. at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2009 and Profit & Loss Account for the year ended 31st March 2009 along with Auditors' Report and Directors' Report thereon.
2. To consider and declare dividend on equity shares for the financial year ended 31st March 2009.
3. To appoint a Director in place of Sri A. Vamshidhar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. A.M. Reddy & Co., Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

By Order of the Board
For **VAMSHI RUBBER LIMITED**,

Place : Hyderabad
Dated : 25TH July, 2009

(R.SURENDRA REDDY)
Managing Director

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote, on a poll instead of him/herself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2009 to 29-09-2009 (both days inclusive).
3. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company at least 7 days in advance before the date of the Annual General Meeting, specifying the points.
4. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the meeting.



5. Members/Beneficial Owners are requested to advise immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/Client ID.
6. Members/Beneficial Owners/Proxies should bring the attendance slips duly filled in for attending the meeting.
7. Dividend upon its declaration at the meeting will be paid to those members whose names appear:
 - (i) As members on the Register of Members of the Company as on 29th September 2009 after giving effect to all valid share transfers in physical form which would be received by the Company up to the closing hours of the business as on 23rd September 2009.
 - (ii) As beneficial owners as per list to be furnished by NSDL/CDSL as at the closing hours of the business on 23rd September 2009.
8. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.
 - (a) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
 - (b) Changes, if any, in their address at an early date.
 - (c) Apply for consolidation of folios, if shareholdings are under multiple folios.
 - (d) Send their share certificates for consolidation.
 - (e) Request for nomination forms for making nominations as per amended provisions of the Company Act, 1956.
9. Electronic Clearing Service (ECS) facility: With respect to payment of dividend, the Company provides the facility of ECS to shareholders residing in all major cities and towns. Shareholders holding shares in the physical form, who now wish to avail ECS facility are requested to forward their ECS mandate in the prescribed form to Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.
10. Shareholders who have not encashed their dividend warrants may please be noted the unclaimed dividend for the year 2007-08 will be transferred to Investor Education Protection Fund, at the end of the Seventh Year.

Brief profile of Directors Retiring at this AGM is given in Corporate Governance Report

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

The performance during the period ended 31st March 2009 has been as under :

(Rs. In Lakhs)

For the year ended	31 st March 2009	31 st March 2008
Sales & Other Income	5,512.25	5,123.82
Operating profit before Financial Charges & Depreciation	308.17	401.00
Financial Charges	120.94	82.77
Profit before Depreciation	187.23	318.23
Depreciation	70.43	53.51
Profit / (Loss) before taxes	116.80	264.72
Prior Period Expenses	0.91	1.48
Provision for Taxation	18.61	42.49
Excess Income Tax Provision Written Back	-5.67	-
Deferred Tax for the Current Year	1.60	31.35
Fringe Benefit Tax	2.09	2.82
Net profit after taxes	99.26	186.58
Profit/(Loss) brought forward from previous year	227.42	65.46
Dividend (including tax on Dividend)	24.61	24.61
Balance of profit brought forward	302.08	227.43

OPERATIONS:

During the year under review, the gross revenue of the Company increased to Rs. 5,512.25 Lakhs compared to Rs. 5,123.82 Lakhs in the previous year, registering a growth of 8%. The Profit after tax for the year decreased by 47% to Rs.99.26 Lakhs compared to Rs.186.58 Lakhs in the previous year reduced because of abnormal changes in raw material prices due to market recession.

FUTURE OUTLOOK:

As our Country is undergoing excellent growth in infrastructure sector especially roads, the potential for new tyres and thereby our products of tyre retreading materials is also very immense. With improvement in Roads, radialisation of tyres is taking place at a rapid pace which again will be beneficial for our industry. We are expecting a growth of 5% to 10% during the financial year 2009-2010.

DIVIDEND:

The Board of Directors recommended a dividend of five paise per Equity Share for the financial year ended 31st March 2009, which if approved at the forthcoming Annual General Meeting on 29th September 2009, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 23rd September 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership furnished by Depositories viz., NSDL and CDSL for this purpose. The Register of Members and Share Transfer Books will remain closed from 24th September 2009 to 29th September 2009 (both days inclusive)

**FIXED DEPOSITS:**

Your Company has not invited any deposits from the Public nor outstanding for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

INTERNAL CONTROL SYSTEMS:

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

INSURANCE:

The Properties and assets of your Company are adequately insured.

CORPORATE GOVERNANCE:

The Company has been in full compliance with the norms of Corporate Governance as outlined in Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Mumbai. A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance. As on date of the Report following are the members of Audit Committee constituted u/s 292 A of the companies act, 1956 and Listing Agreement.

1. A. Venkat Reddy, Chairman
2. A. Vamshidhar Reddy, Member
3. S.Ramachandra Prasad, Member

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this report and the same is annexed.

DIRECTORS :

Board recommended reappointment of Sri A. Vamshidhar Reddy, Director of the Company, who retire by rotation at the Annual General Meeting.

Mr. M. Arun Kumar resigned on his personal grounds as Director of the Company during the year, and the Board wishes to place on record their appreciation for the services rendered by him during his tenure as Director of the Company.

DIRECTORS REMUNERATION:

The Remuneration Committee has considered and enhanced Reumneration w.e.f. 1-7-2009 of Sri. R. Surendra Reddy, Managing Director, Sri P.Varun Kumar, Director-Finance and Sri K.V.Sarma, Director-Operations to Rs.1,75,000/- Per Month each including all perquisites which is within the limits as approved by shareholders at their Annual General Meeting held on 29th September, 2007.

ISO 9001- 2000 CERTIFICATION :

Your Company continues to hold ISO 9001 - 2000 Certification by meeting all the requirements of certification from time to time.

AUDITORS :

M/s. A.M.Reddy & Co., Chartered Accountants, Auditors of the Company retires at the Annual General Meeting and the Company has received certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Members are requested to re-appoint them and to authorize the Board to fix their remuneration.



AUDITORS' REPORT :

The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

In compliance of section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm: -

- a) that in the preparation of the accounts for the financial year ended 31st March, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the Directors have prepared the accounts for the financial year ended 31st March 2009 on a going concern basis.

CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC. :

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are provided in the Annexure forming part of this Report.

EMPLOYEE RELATIONS:

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen and staff at all levels in the improved performance of the Company.

None of the employees is drawing Rs.2,00,000/- and above per month or Rs.24,00,000/- and above in aggregate per annum, the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not annexed to this report.

ACKNOWLEDGEMENTS:

The Directors thank the Company's Banker State Bank of India, Officials of concerned Government Departments and Share Holders for their co-operation and continued support to the Company.

For and on behalf of the Board of Directors

Place : Hyderabad

Dated : 25th July, 2009

(M.RAMESH REDDY)
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

Disclosure of particulars with respect to conservation of energy, technology absorption and Foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors Report) Rules, 1988:

I) CONSERVATION OF ENERGY:

- a) Energy Conservation Measures taken:
- New Dual Die Press installed for achieving improved efficiency in use of process heat energy.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
- Yet to be ascertained, since machine was commissioned in March 2009 only.
- c) Form for disclosure of particulars with respect to conservation of Energy.

FORM - 'A'**A) Power & Fuel Consumption:**

		Period ended 31-03-2009	Period ended 31-03-2008
1	Electricity		
	a) Purchased		
	Total Amount (Rs)	82,18,840	82,69,226
	Units	20,44,209	20,70,836
	Rate per Unit (Rs)	4.02	3.99
	b) Own Generation		
	Through Diesel Generator Units	106,862	47,990
	Unit per Litre of Diesel	2.56	1.89
	Cost / Unit (Rs.)	14.07	17.54
2	Thermic Fluid Heaters (Rs.)	88,17,384	85,37,559

B) Consumption per unit of production:

Electricity Consumption : 518.15 Kwh/M.T.
Fuel Consumption : 67.66 Hrs/M.T.

Calculation of consumption per unit of production product wise is not possible since no separate account is maintained for each product.

II) TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION:

- Efforts in brief made towards Technology Absorption adaptation and innovation. Technology suitable to Indian conditions has been fully absorbed and adapted.
- Benefits derived as a result of the above effect.
 - Cost reduction of the product has been achieved.
 - Improvement in the quality of the product has been achieved.



3) In case of Imported Technology following information may be furnished.

- a) Technology imported : Manufacture of Precured Tread Rubber
its Products and retreading equipment.
- b) Year of Import : 1995
- c) Has the technology been fully absorbed : Yes

III) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- i) Foreign exchange earned
on export sales : NIL
- ii) Foreign exchange outgo
On Import of Machinery Consumables : Rs. 14,57,093

Place : Hyderabad

Dated : 25th July, 2009.

For and on behalf of the Board

(M.RAMESH REDDY)
Chairman

**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Governance**

The Company's philosophy of Corporate Governance aims at assisting the management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stakeholders and to provide customer satisfaction through best quality at lowest price. It is towards this end that efforts are made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

2. Board of Directors**a) The Board consists of 7 Members comprising of:**

- 1 Non-Independent Non-Executive Director
- 3 Executive Directors
- 3 Independent Non-Executive Directors

ATTENDANCE RECORD: 2008-2009

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 23.09.2008
1.	Sri M. Ramesh Reddy	Non-Independent Non-Executive	Chairman	3	Yes
2.	Sri R. Surendra Reddy	Executive	Managing Director	5	Yes
3.	Sri P. Varun Kumar	Executive	Director – Finance	5	Yes
4.	Sri K. V. Sarma	Executive	Director – Operations	5	Yes
5.	Sri S.Ramachandra Prasad	Independent Non-Executive	Director	2	Yes
6.	Sri A.Vamshidhar Reddy	Independent Non-Executive	Director	5	Yes
7.	Sri A.Venkat Reddy	Independent Non-Executive	Director	5	Yes
8.	Sri M.Arun Kumar (upto 31-10-2008)	Independent Non-Executive	Director	3	No

**b) Number of other Directorships & Committee Membership/ Chairmanship**

Sl. No.	Name of Director	Other Directorship	Committee Membership	Committee Chairmanship
1.	Sri M. Ramesh Reddy	8	None	None
2.	Sri R. Surendra Reddy	1	None	None
3.	Sri P. Varun Kumar	1	None	None
4.	Sri K.V. Sarma	1	None	None
5.	Sri S.Ramachandra Prasad	None	None	None
6.	Sri A.Vamshidhar Reddy	None	None	None
7.	Sri A.Venkat Reddy	None	None	None
8.	Sri M.Arun Kumar (upto 31-10-2008)	None	None	None

c) Number of Board Meetings held and the date on which held:

Five Board Meetings were held during the year. The maximum gap between any two meetings was not more than four months.

The dates on which the Board meetings were held are as follows:

30-06-2008, 31-07-2008, 31-10-2008, 31-01-2009 and 18-03-2009.

d) Pecuniary relationship or transactions of Non-Executive Directors:

Apart from receiving director's remuneration, non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

e) Code of Conduct for the Board & Senior Management Personnel:

The Company has formulated and implemented a Code of Conduct as approved by Board for all its Non-Executive Directors and for Executive Directors and Senior Management Personnel of the Company in compliance with Clause 49(I)(D) of the Listing Agreement.

d) CEO/CFO Certification:

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director and Whole-time Director have certified to the Board the financial statements for the year ended 31st March, 2009.

3. Audit Committee:

During the year Audit Committee was reconstituted because of submission of Resignation by Mr. M. Arun Kumar and in whose place Mr. S.Ramachandra Prasad was included as member of the Committee Mr. A.Venkat Reddy was made the Chairman of the Committee in place Mr. M.Arun Kumar w.e.f. 01-11-2008. Sri R.Surendra Reddy, Managing Director and Statutory Auditors are permanent invitees to the meetings. Any other person/Executive, where necessary, is also required to attend the meetings.

Role:

The terms of reference of the Audit Committee are as under:

- ❖ Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment for any other services.



- ❖ Reviewing with the management the annual financial statements, before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- ❖ Reviewing the Quarterly and Annual financial statements and submit the same to the Board with recommendations, if any.
- ❖ Discussions with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- ❖ Reviewing the Company's financial and risk management policies.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, share holders (in case of non-payment of declared dividends) and creditors.
- ❖ The Chairman of the Audit Committee shall attend the Annual General Meeting of the Company to provide any clarifications on matters relating to audit as may be required by the members of the Company.

The Committee met 4 times during the year 2008-09 on 30-06-2008, 31-07-2008, 31-10-2008 and 31-01-2009. The attendance details of the members of the Committee are given below:

Sl. No.	Name of the Director	No. of Meetings held	No. of Meetings attended
1.	Sri M. Arun Kumar, Chairman (upto 31.10.2008)	2	2
2.	Sri A.Venkat Reddy, Chairman (from 01.11.2008)	4	4
3.	Sri A.Vamshidhar Reddy	4	4
4.	Sri S.Ramachandra Prasad (from 01.11.2008)	2	2

4. Remuneration Committee:

The Committee was constituted on 30th October 2002 to review the remuneration package of Managing Director/Executive Directors and to recommend suitable revision in the same, if any, to the Board of Directors. During the financial year 2008-09, no committee meeting was held as there was no review of Remuneration of working Directors.

During the year Remuneration Committee was reconstituted because of submission of Resignation by Mr. M. Arun Kumar and in whose place Mr. S.Ramachandra Prasad was made as Chairman of the Committee w.e.f. 01-11-2008.

The following is the constitution of the Remuneration Committee as on 31-03-2009:

1. Sri S. Ramachandra Prasad - Chairman
2. Sri A. Venkat Reddy - Member
3. Sri A. Vamshidhar Reddy - Member

**Remuneration of Directors:**

The Company pays remuneration by way of salary, perquisites and other allowances to the Managing Director/Whole-time Directors as approved by the Remuneration Committee and Shareholders of the Company.

The remuneration is fixed considering various factors such as qualification, experience, expertise, and prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure comprises of Basic Salary, Commission, perquisites, allowances, Contribution to Provident Fund and other funds in accordance with the Provisions of the Companies Act, 1956. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for each meeting of the Board attended by them.

(In Rs.)

Sl. No.		Salary	Perks & other Benefits	Performance Bonus/ Commission	Sitting Fee	Total
1.	Sri M. Ramesh Reddy	--	--	--	1,500	1,500
2.	Sri R. Surendra Reddy	12,00,000	24,315	--	--	12,24,315
3.	Sri P. Varun Kumar	12,00,000	12,977	--	--	12,12,977
4.	Sri K.V. Sarma	12,00,000	34,575	--	--	12,34,575
5.	Sri S. Ramachandra Prasad	--	--	--	1,000	1,000
6.	Sri M.Arun Kumar (upto 31.10.2008)	--	--	--	1,000	1,000
7.	Sri A.Vamshidhar Reddy	--	--	--	2,500	2,500
8.	Sri A.Venkat Reddy	--	--	--	2,500	2,500

5. Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee constituted by the Board of Directors and comprising of Sri P. Varun Kumar (Chairman), Sri A. Vamshidhar Reddy and Sri A.Venkat Reddy, inter-alia oversees the transfer of shares and redressal of Shareholders/Investors Grievances and other complaints.

The total number of complaints received was **THREE** and replied to the satisfaction of shareholders during the year under review was **TWO** and **ONE** complaint is in Pending as on 31st March 2009.

The Committee had received and approved **266** requests for transfer of physical shares and **63** requests for Dematerialisation during the year are under review. There were no transfers or demat request pending as on 31st March, 2009

The Board has designated Sri P. Varun Kumar, Director (Finance) as the Compliance Officer.

6. General Body Meetings:

a) Location, date and time of Annual General Meetings held during the preceding three years are given below:

Year	Date	Venue	Time
2007-2008	23-09-2008	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	11.00 A.M.
2006-2007	29-09-2007	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	11.30 A.M.
2005-2006	29-09-2006	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	11.30 A.M.

b) No special resolution was put through postal ballot last year nor it is proposed to put any special resolution to vote through postal ballot this year.

**7. Disclosures:**

There was no materially significant transaction with related parties entered into by the Company with its promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts contained the transactions in which Directors are interested is placed at the Board Meetings. Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the notes to the Accounts.

There were no strictures or penalties imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any other statutory authority for non-compliance of any matter related to capital markets, during the last three years.

8. Means of Communication:

Quarterly Results	The quarterly results of the Company are generally published in a leading English Newspaper & in a local language Newspaper.
Newspapers in which Published	Financial Chronicle (English) and Andhra Bhoomi (Telugu)
Website where the results and other official news releases are displayed	www.vamshirubber.org

9. The Management Discussion and Analysis Report

A separate Report of Management discussion and analysis is attached as a part of the Annual Report.

10. General Shareholder Information:

- (i) **AGM Date, time and Venue** Tuesday the 29th September 2009 at 10.30 A.M.
At Surana Udyog Auditorium, FAPCCI,
Red Hills, Hyderabad
- (ii) **Financial Calendar**
- | | |
|--------------------------------|--|
| 1 st Quarter | 1 st April to 30 th June |
| 2 nd Quarter | 1 st July to 30 th September |
| 3 rd Quarter | 1 st October to 31 st December |
| 4 th & last Quarter | 1 st January to 31 st March |
- (iii) **Date of Book Closure** 24-09-2009 to 29-09-2009 (both days inclusive)
- (iv) **Dividend payment** On or before 13th October 2009
- (v) **Listing of**
- (1) **Equity Shares** Bombay Stock Exchange Ltd , Mumbai
Phiróze Jheejheebhoy Towers,
Dalal Street, Mumbai – 400 001
- (2) **Listing Fees** Paid to Bombay Stock Exchange for
the year 2008-2009
- (vi) **Address of Registered Office** 8-2-594/1/A/1, Opp: Hotel Taj Krishna,
Road No.1, Banjara Hills,
Hyderabad – 500 034
- (vii) a) **Stock Exchange Security Code** 530369
for Equity Shares
- b) **Demat ISIN Number in NSDL & CDSL** INE380C01014
for Equity Shares


(viii) Monthly High and Low quotations for shares traded in BSE during the year 2008-2009

Month	High (Rs.)	Low (Rs.)	Volume (Nos)
Apr, 2008	23.00	16.50	29933
May, 2008	21.45	17.70	34066
Jun, 2008	19.15	16.50	20110
Jul, 2008	19.90	14.10	40312
Aug, 2008	20.95	18.25	26907
Sep, 2008	21.75	14.60	21449
Oct, 2008	16.95	9.00	50953
Nov, 2008	12.85	9.25	28016
Dec, 2008	12.75	9.96	14560
Jan, 2009	12.39	9.60	17418
Feb, 2009	11.99	8.20	13092
Mar, 2009	11.78	7.97	46499

Registrar & Share Transfer Agent:
CIL Securities Limited

214, Raghava Ratna Towers,

Chirag Ali Lane, Abids, Hyderabad - 500001.

Ph: 040-23203155/ 23202465, Fax : 040-23203028 / 66661267

Email:advisors@cilsecurities.com / cilsec@rediffmail.com

11. Share Transfer System:

All the transfers received are processed and approved by the Seal and Shareholders/Grievance Committee, which normally meets twice a month. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respect.

12. Shareholding Pattern as on 31st March 2009:

Sl. No.	Category	No. of Shares held	Percentage to Total issued Shares
1.	Promoters	1993257	47.38
2.	Mutual Funds	-	-
3.	Banks/FI	-	-
4.	Private Corporate Bodies	317961	7.56
5.	Public	1445274	34.36
6.	NRIs/OCBs	450308	10.70
TOTAL		4206800	100.00

13. Distribution Pattern as on 31st March 2009:

Share Holding of nominal value of Rs.10/-	Share Holders		Share Amount	
	Number	% of Total	in Rs.	% of Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	3858	98.87	11,167,160	26.55
5001 - 10000	14	0.36	1,018,210	2.42
10001 - 20000	9	0.23	1,365,830	3.25
20001 - 30000	4	0.10	971,000	2.31
30001 - 40000	2	0.05	656,800	1.56
40001 - 50000	3	0.08	1,316,460	3.13
50001 - 100000	3	0.08	1,883,480	4.47
100001 and above	9	0.23	23,689,060	56.31
TOTAL	3902	100.00	42068000	100.00

**14. Dematerialization of Shares & Liquidity:**

The trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with NSDL and CDSL.

15. Share Dematerialisation Records:

The following data indicates the extent of Dematerialisation of company's shares as on 31st March 2009:

No. of Share holders in dematerialisation form	1592	40.33 % of the total number of share holders
No. of Shares in Demat form	3173839	75.45 % of the total Share Capital

- 16. Outstanding GDRs/ADRs/Warrant or any convertible instruments, conversion date and likely impact on Equity** : The Company has not issued any of these instruments till date

17. Secretarial Audit for Reconciliation of Capital:

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

- 18. Factory Location** : Survey No.312/E, Lingo jigudem Village, Choutuppal Mandal, Nalgonda District – 508 252 Andhra Pradesh.

19. ADDRESS FOR CORRESPONDENCE:

S.No	Shareholders Correspondence for	Addressed to
1.	Transfer/Dematerialization/Consolidation/Split of Shares, Issue of Duplicate Share Certificate, Change of Address of members and beneficial owners and any other query relating to the shares of the Company	CIL Securities Ltd. 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500001. Phone: 040-23203155/ 23202465 Fax : 040-23203028 / 66661267 Email:advisors@cilsecurities.com / cilsec@rediffmail.com
2.	Investor Correspondence/Query on Annual Report	Sri. P. VARUN KUMAR, Director (Finance) Compliance Officer Vamshi Rubber Ltd 8-2-594/1/A/1, Opp: Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad – 500 034. Phone : 040-23353280 /23353281 Fax : 040-23353282 Email: info@vamshirubber.org

20. Brief profile of Directors retiring at AGM :

- a) Directors to be re-appointed on retirement:

- Sri A Vamshidhar Reddy, aged about 40 Years, is a Graduate and he has a good experience in Tyre Retreading Business and does not hold any directorship in other companies and does not hold any shares of the company.

**21. Depository Services:**

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories: -

National Securities Depository Ltd.
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.
Tel : 091-022-24994200
Fax: 091-022-24972993/24976351
Email : info@nsdl.co.in

Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai-400023.
Tel : 091-022-22723333
Fax : 091-022-22723199
Email : investors@cdslindia.com

22. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

23. Company's Policy on prevention of Insider Trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Mr. P. Varun Kumar, Director had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(1D) of the Listing Agreement, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2008-09.

Place: Hyderabad
Date: 25th July 2009

(R.SURENDRA REDDY)
Managing Director



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURES & DEVELOPMENTS:

Economic recession would over effected our transport Industry too. There were lot of fluctuations in the raw material prices which resulted in the reduction of our profit. However during the last quarter of the year, raw material prices had stabilized.

2. OPPORTUNITIES & THREATS:

The Company enjoys goodwill and confidence from its customers for providing superior quality products. Your Company continues to enjoy full support from the Collaborator, the Hercules Tire & Rubber Co., U.S.A. in various areas of compounding. The excess availability of the products in the domestic market is affecting the Company's net realization. The manufacturers of our products by our competitors in the SSI field are posing us a problem with their low prices because of Excise Duty exemption for them. We are able to counter this with our better quality.

3. OUTLOOK:

In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices. All endeavors are made to achieve possible cost reduction in every area of operations. Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise very cost competitive arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings.

4. RISKS AND CONCERNS:

The Company's products are largely intended for sale in the domestic market. Apart from normal risks as are applicable to an Industrial Undertaking the Company does not foresee any serious area of concern. The Company is obtaining adequate insurance coverage for its assets at the plant and the field locations etc. The company has no foreign exchange risk coverage due to its limited exposure. Compliance of safety requirements and norms placed by different Government agencies is a top priority of your Management.

6. INTERNAL CONTROL SYSTEMS

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use of disposition and that all transactions are authorised, recorded and reported correctly. An Audit Committee headed by a non-executive independent Director is in place to review various areas of the control systems.

7. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements etc. appearing separately. Highlights for the year 2008-09 are as under:

	Rs.in Lakhs
Sales & Other Income	5512.25
Profit before Interest, Depreciation, Voluntary Retirement Absorption & Tax	308.17



The financial performance of the Company has been explained in the Directors' Report of the Company for the year 2008-09 appearing separately.

8. HUMAN RESOURCES:

During the year under review, the Company has undertaken extensive steps in optimizing the manpower at the Plant, corporate office and Field locations. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.

9. CAUTIONARY STATEMENT:

Certain statement in the Management Discussion and Analysis describing the Company's views about the industry, expectations/predictions, objectives etc, may be looking forward within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may inter-alia affect with the supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.



CERTIFICATION BY CEO & CFO OF THE COMPANY

We, R.Surendra Reddy, Managing Director and P. Varun Kumar, Director - Finance of Vamshi Rubber Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 31st March 2009 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) significant changes in internal control during the year;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Hyderabad
Date: 25th July 2009

(R.SURENDRA REDDY)
Managing Director

(P. VARUN KUMAR)
Director - Finance



CERTIFICATE

To the Members
Vamshi Rubber Limited

We have examined the compliance of conditions of Corporate Governance by **Vamshi Rubber Limited** for the year ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 25th July 2009

For A. M. Reddy & Co.,
Chartered Accountants

Partner



AUDITORS' REPORT

The Members of
VAMSHI RUBBER LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s. VAMSHI RUBBER LIMITED as at 31st March, 2009 the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date;
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**for A.M.REDDY & CO.,
CHARTERED ACCOUNTANTS**

**(CA.RAMANA REDDY.A.V.)
PARTNER
Membership No. 024329**

**PLACE : HYDERABAD.
DATE : 30th June, 2009**



ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph (3) of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. (a) The stock of finished goods, raw materials and stores has been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of records of stocks, in our opinion, the company has maintained proper records of stocks. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
3. (a) The company has not granted any loans secured or unsecured to companies, firm or other parties listed in the register maintained u/s.301 of the Act.
(b) The company has not taken any interest free loans from companies, firms or other parties listed in the register maintained u/s 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets with regard to the sale of goods and services. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.
(b) In our opinion, and according to the information and explanations given to us, the company has not made any contract or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable.
7. In our opinion, the internal audit system of company is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 to this company.
9. (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income



tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The company has neither accumulated losses as on 31.03.2009 and has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
 11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
 12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
 14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.
 15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company.
 16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were raised.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
 19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
 20. The company has not raised any money by public issue, during the year.
 21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for A.M.REDDY & CO.,
CHARTERED ACCOUNTANTS

(CA.RAMANA REDDY.A.V.)
PARTNER
Membership No. 024329

PLACE : HYDERABAD.

DATE : 30th June, 2009



VAMSHI RUBBER LIMITED

VAMSHI RUBBER LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Schedules	AS ON	
		31/3/2009	31/3/2008
		Rs.	Rs.
SOURCES OF FUNDS			
1. Share Holder's Funds			
Share Capital	A	42,068,000	42,068,000
Reserves & Surplus	B	31,707,916	24,242,609
2. Loan Funds			
Secured Loans	C	101,989,404	112,604,048
Unsecured Loans	D	53,370,317	55,322,079
3. Deferred Tax Liability (Net)		13,941,230	13,781,220
TOTAL		243,076,867	248,017,956
APPLICATION OF FUNDS			
1. Fixed Assets	E		
a) Gross Block		158,693,964	137,790,849
b) Less: Depreciation		55,985,281	48,942,322
c) Net Block		102,708,683	88,848,527
d) Capital Work in Progress		5,200,807	7,483,073
		107,909,490	96,331,600
2. Current Assets, Loans & Advances	F		
a) Inventories		67,451,996	87,676,021
b) Sundry Debtors		58,444,433	59,884,624
c) Cash & Bank Balances		18,886,437	25,075,823
d) Loans & Advances		13,378,276	20,177,849
		158,161,143	192,814,317
Less: Current Liabilities and Provisions	G	24,876,755	41,127,961
Net Current Assets		133,284,388	151,686,356
3. Miscellaneous Expenses (to the extent not written off or adjusted)	H	1,882,989	
TOTAL		243,076,867	248,017,956
Notes on Accounts	O		

Vide our report of even date:

For and on behalf of the Board

for A.M.Reddy & Co.,
Chartered Accountants

(CA.Ramana Reddy,A.V.)
Partner
Membership No. 024329

(M.Ramesh Reddy)
Chairman

Place: Hyderabad
Date : 30th June 2009

(R.Surendra Reddy)
Managing Director



VAMSHI RUBBER LIMITED

VAMSHI RUBBER LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedules	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			548,958,939		511,576,011
Other Income	I		2,265,817		805,723
Increase/(Decrease) in Stocks	J		(12,424,210)		15,864,397
TOTAL			538,800,547		528,246,131
EXPENDITURE					
Purchases			683,920		741,196
Manufacturing Expenses	K		422,088,646		398,528,785
Salaries, Wages & Amenities	L		23,840,475		19,560,808
Administrative & Selling Expenses	M		61,370,444		69,315,523
Financial Charges	N		12,094,389		8,276,702
Depreciation			7,042,959		5,350,895
TOTAL			527,120,833		501,773,909
Net Profit for the year Before Tax			11,679,713		26,472,222
Less: Prior Period Expenses			90,803		148,122
			11,588,910		26,324,100
Less : Provision for Tax					
1) Income Tax					
- Current Year		1,860,529		4,248,971	
- Previous Year					
Excess Income Tax Provision Written Back		(566,902)			
2) Deferred Tax Asset / Liability		160,010		3,134,863	
3) Fringe Benefit Tax					
- Current Year		209,094		282,489	
			1,662,731		7,666,323
Net profit after tax			9,926,179		18,657,777
Add: Balance brought forward from Previous Year			22,742,609		6,545,705
Balance available for Appropriation			32,668,789		25,203,482
Appropriation					
Proposed Dividend			2,103,400		2,103,400
Income Tax on Distributed Profits			357,473		357,473
Balance Carried to Balance Sheet			30,207,916		22,742,609
TOTAL			32,668,789		25,203,482

Notes on Accounts

O

Vide our report of even date:

For and on behalf of the Board

for A.M.Reddy & Co.,
Chartered Accountants

(CA.Ramana Reddy.A.V.)
Partner
Membership No. 024329

(M.Ramesh Reddy)
Chairman

Place: Hyderabad
Date : 30th June 2009

(R.Surendra Reddy)
Managing Director



SCHEDULES TO ACCOUNTS	AS ON 31/3/2009	AS ON 31/3/2008
	Rs.	Rs.
SCHEDULE "A"		
SHARE CAPITAL		
Authorised :		
45,00,000 Equity Shares of Rs.10/- each	45,000,000	45,000,000
	=====	=====
Issued,Subscribed and Paid up:		
42,06,800 Equity Shares of Rs.10/- each fully paid up	42,068,000	42,068,000
	-----	-----
TOTAL	42,068,000	42,068,000
	=====	=====
SCHEDULE "B"		
RESERVES AND SURPLUS		
Investment Subsidy	1,500,000	1,500,000
Profit and Loss Account	30,207,916	22,742,609
	-----	-----
TOTAL	31,707,916	24,242,609
	=====	=====
SCHEDULE "C"		
SECURED LOANS		
Long Term Loans from :		
- SBI Term Loan	25,350,000	33,800,000
Short Term Loans:		
Working Capital from State Bank of India, Hyderabad	76,017,295	77,756,514
Hire Purchase Finance From :		
- From ICICI Bank	31,861	151,587
- From Kotak Mahindra Prime Ltd	590,248	895,947
	-----	-----
TOTAL	101,989,404	112,604,048
	=====	=====
SCHEDULE "D"		
UNSECURED LOANS		
Deferred Sales Tax Liability	2,328,751	4,854,957
Sales Tax Loan	51,041,566	50,467,122
	-----	-----
TOTAL	53,370,317	55,322,079
	=====	=====



VAMSHI RUBBER LIMITED

SCHEDULE "E"
FIXED ASSETS STATEMENT AS ON 31-03-2009

(Amount in Rs.)

SL. NO.	NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		AS ON 01/04/2008	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS ON 31/03/2009	AS ON 01/04/2008	FOR THE YEAR	ON DEDUCTIONS	UPTO 31/03/2009	AS ON 31/03/2009	AS ON 31/03/2008
1	LAND	1,229,313	0	0	1,229,313	0	0	0	0	1,229,313	1,229,313
2	FACTORY BUILDINGS	17,406,998	98,691	0	17,505,689	6,326,163	584,555	0	6,910,718	10,594,971	11,080,835
3	NON FACTORY BUILDINGS	8,026,486	1,837,591	0	9,864,077	847,987	142,297	0	990,284	8,873,793	7,178,499
4	PLANT AND MACHINERY	90,696,095	14,506,673	0	105,204,768	32,265,264	4,575,243	0	36,840,507	68,364,261	58,432,831
5	ELECTRICAL INSTALLATIONS	6,429,846	2,506,751	0	8,936,597	3,432,270	317,162	0	3,749,432	5,187,165	2,997,576
6	LAB EQUIPMENT	2,229,570	1,061	0	2,230,631	731,291	105,926	0	837,217	1,393,414	1,498,279
7	OFFICE EQUIPMENT	1,610,075	36,978	0	1,647,053	408,222	77,264	0	485,486	1,161,567	1,201,853
8	COMPUTERS	3,139,993	1,671,234	0	4,811,227	2,822,226	679,987	0	3,502,213	1,309,014	317,767
9	FURNITURE AND FIXTURES	3,603,273	244,136	0	3,847,409	1,127,010	235,891	0	1,362,901	2,484,508	2,476,263
10	VEHICLES	3,417,200	0	0	3,417,200	981,889	324,634	0	1,306,523	2,110,677	2,435,311
	TOTAL	137,790,849	20,903,115	0	158,693,964	48,942,322	7,042,959	0	55,985,281	102,708,683	88,848,527



SCHEDULES TO ACCOUNTS

AS ON
31/3/2009AS ON
31/3/2008

Rs.

Rs.

Rs.

Rs.

SCHEDULE "F"

CURRENT ASSETS, LOANS & ADVANCES

A. Inventories (As certified by the Management)				
Stock of Raw Materials	11,209,129		18,734,743	
Stock of Stores and Spares	2,281,674		2,555,875	
Stock of Other Items	843,498		858,691	
Stock of Finished Goods	38,199,154		54,204,090	
Stock- in- Process	14,918,542		11,322,622	
	-----		-----	
		67,451,996		87,676,021
B. Sundry Debtors (Unsecured and considered Good)				
I) Debts outstanding for a period exceeding 6 months	4,653,189		7,983,856	
II) Other Debts	53,791,244		51,900,768	
	-----		-----	
		58,444,433		59,884,624
C. Cash and Bank Balances				
I) Cash in Hand	50,846		25,422	
II) Balances with Scheduled Banks				
In Current Accounts	18,790,092		14,354,901	
In Fixed deposits	45,500		10,695,500	
	-----		-----	
		18,886,437		25,075,823
D. Loans and Advances				
Advances recoverable in Cash or Kind or for value to be received (Unsecured and Considered Good)	2,271,121		2,133,471	
Advance to Suppliers	1,965,855		7,478,560	
Advance Fringe Benefit Tax	214,330		172,727	
Advance Tax	1,791,000		4,652,000	
Other Receivables	10,000		10,000	
Deposits with Govt. Depts.	2,554,789		2,874,620	
Deposits (others)	1,798,208		1,301,608	
TDS Receivable	369,551		143,333	
Income Tax Refundable A/C	1,117,746		-	
CENVAT Receivable	280,981		484,051	
VAT Receivable	192,688		120,000	
Prepaid Expenses	630,716		517,843	
Interest Accrued but not due	181,292		289,636	
	-----		-----	
		13,378,276		20,177,849
		-----		-----
TOTAL		158,161,143		192,814,317
		=====		=====


VAMSHI RUBBER LIMITED
SCHEDULES TO ACCOUNTS

	AS ON 31/3/2009		AS ON 31/3/2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "G"				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Outstanding dues of Micro, Small & Medium Enterprises @		NIL		NIL
Outstanding dues of Creditors other than Micro, Small & Medium Enterprises		12,756,019		29,643,564
Advance from Customers		5,796,681		2,300,158
@ refer notes to the accounts				
B. PROVISIONS				
for Gratuity		1,793,559		2,191,906
for Income Tax		1,860,529		4,248,971
for Fringe Benefit Tax		209,094		282,489
for Dividend		2,103,400		2,103,400
for Tax on Distributed Profits		357,473		357,473
TOTAL		24,876,755		41,127,961
SCHEDULE "H"				
Miscellaneous Expenses (to the extent not written off or adjusted)				
Forward Contract Premium		1,882,989		-
		1,882,989		-
SCHEDULE "I"				
OTHER INCOME				
Interest Earned		1,501,496		522,466
Misc. Receipts		436,861		283,257
Gratuity - Excess Provision Written Off		327,460		-
TOTAL		2,265,817		805,723
SCHEDULE "J"				
INCREASE/DECREASE IN STOCKS				
Closing Stock				
Work-in-progress	14,918,542		11,322,622	
Finished Goods	38,199,154		54,204,090	
Others	843,498		858,691	
		53,961,194		66,385,403
Less: Opening Stocks				
Work-in-progress	11,322,622		9,406,117	
Finished Goods	54,204,090		40,222,158	
Others	858,691		892,731	
		66,385,403		50,521,006
Increase(Decrease) in stocks		(12,424,210)		15,864,397

**VAMSHI RUBBER LIMITED****SCHEDULES TO ACCOUNTS****AS ON
31/3/2009****AS ON
31/3/2008**

	Rs.	Rs.	Rs.	Rs.
SCHEDULE "K"				
MANUFACTURING EXPENSES				
Consumption of Raw Materials				
Opening Stocks	18,734,743		13,621,982	
Add: Purchases	323,559,538		305,158,139	
	-----		-----	
	342,294,282		318,780,121	
Less: Closing Stock	11,209,129		18,734,743	
	-----		-----	
	331,085,153		300,045,378	
Consumption of Stores and Spares	7,486,848		5,659,223	
Processing Charges	3,732,842		4,374,387	
Power and Fuel	19,563,157		18,551,419	
Insurance	397,112		372,470	
Repairs and Maintenance	1,382,285		590,336	
Factory Maintenance	102,107		70,425	
Excise Duty	56,716,892		67,238,937	
Cess on Rubber	1,622,250		1,626,210	
	-----		-----	
TOTAL	422,088,646		398,528,785	
	=====		=====	
SCHEDULE "L"				
SALARIES, WAGES & AMENITIES:				
Salaries, Wages & Other Allowances	20,835,412		16,427,870	
Contribution to Provident Fund	1,218,647		1,011,217	
Contribution to Employees' State Insurance	494,974		444,547	
Provision for Gratuity	-		427,888	
Bonus Paid	481,395		439,300	
Workmen and Staff Welfare Expenses	810,047		809,986	
	-----		-----	
TOTAL	23,840,475		19,560,808	
	=====		=====	
SCHEDULE "M"				
ADMINISTRATIVE & SELLING EXPENSES				
A. Administrative Expenses				
Managerial Remuneration	3,600,000		3,000,000	
Managerial Perquisites	71,867		58,747	
Postage and Telegrams	258,287		247,350	
Telephone and Telex Charges	875,643		804,398	
Vehicle Maintenance				
- Motor Cars	356,864		344,209	
- Others	249,489		234,421	
Papers and Periodicals	11,678		8,357	
Security Charges	558,372		425,870	
Printing and Stationery	456,289		413,529	
Office Maintenance	213,181		190,326	

**SCHEDULES TO ACCOUNTS**

	AS ON 31/3/2009	AS ON 31/3/2008
	Rs.	Rs.
Bad Debts written off	1,644,400	1,987,319
Insurance	99,444	96,586
Rent	1,691,825	1,562,517
Professional Charges	1,826,835	1,844,731
Electricity Charges	149,267	216,844
General Expenses	228,775	207,853
Registration, Listing & Filing Fee	24,550	24,896
Sitting Fees to Directors	8,500	4,500
Travelling and Conveyance:		
- Directors	75,869	97,046
- Others	3,815,847	3,540,174
Conveyance	607,143	565,106
Membership Fee	16,100	15,000
AGM Expenses	30,612	49,239
Auditor's Fee	75,000	75,000
Audit Expenses	8,897	9,141
Sales Tax	25,034,143	36,822,532
Other Taxes and Licenses	156,609	197,705
Donations	10,000	10,000
B) Selling Expenses		
Discounts & Allowances	9,309,986	5,251,721
Carriage Outwards	6,472,855	7,256,329
Agency Charges	-	4,435
Loading and Unloading Charges	726,107	731,954
Commission	707,646	1,131,132
Advertisements	1,474,140	1,334,683
Business Promotion Exp.	51,242	196,764
Royalty	472,983	355,109
TOTAL	61,370,444	69,315,523

**SCHEDULE "N"
FINANCE CHARGES**

Interest on Term Loan	1,975,326	488,522
Interest on Working Capital	8,516,150	6,196,446
HP Financial Charges	93,455	49,326
Other Financial Charges	102,570	58,653
Bank Charges	1,406,889	1,483,755
TOTAL	12,094,389	8,276,702



SCHEDULE - O

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. DISCLOSURE OF ACCOUNTING POLICIES:

a) Basis of Preparation of Financial Statements:

- i) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- ii) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii) All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

b) FIXED ASSETS

Fixed Assets are stated at acquisition cost (Net of Modvat / cervat, if any) including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation. All costs, including financing/borrowing cost till commencement of commercial production attributable to the fixed assets have been capitalized.

c) REVENUE RECOGNITION

All revenue income and expenditure are recognized on accrual concept of accounting.

d) DEPRECIATION

Depreciation on fixed assets has been provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

e) INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost is determined using FIFO method.

f) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Forward contracts for hedging: The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the company does not use the foreign exchange forward contracts for speculation purposes.

The premium arising at the inception of such a forward exchange contract be amortised as expense over the life of the contract.

g) INVESTMENTS

Investments made by the company are primarily of long term nature and are value at cost. Provision will be made for decline, other than temporary, in the value of investments.

h) BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**i) EMPLOYEE BENEFITS**

Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary.

Provident Fund: Contributions paid to the prescribed authority are charged to revenue every year.

Leave Encashment: is at the discretion of the management and is charged to revenue in the year of payment.

j) EARNING PER SHARE

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

k) TAXES ON INCOME

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.

l) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2. NOTES TO THE ACCOUNTS

	Current Year Rs.	Previous Year Rs.
a) Contingent Liabilities not provided for: Bank Guarantees issued	1,50,000	1,50,000

b) SECURED LOANS:**i. LONG TERM LOANS**

From State Bank of India, Commercial Branch, Bank Street, Koti, Hyderabad is secured by First Charge by deposit of title deeds of the immovable properties deposit of title deeds by creation of equitable mortgage on additional properties and guaranteed by four directors of the company in their personal capacity.

ii. SHORT TERM LOANS

From State Bank of India, Hyderabad is secured by hypothecation of Stock of Raw Materials, Work-in-Process, Finished Goods, Stores & Spares, Book Debts etc., also guaranteed by four Directors of the Company in their personal capacity.

	Current Year Rs.	Previous Year Rs.
c) Estimated contracts remaining to be Executed on Capital Account and not Provided for	Nil	Nil



VAMSI RUBBER LIMITED

d) AUDITORS REMUNERATION:	Current Year	Previous Year
	Rs.	Rs.
Audit Fees	45,000	45,000
Tax Audit	20,000	20,000
Other Services	10,000	10,000
Service Tax	7,725	9,270
TOTAL	82,725	84,270

e) MANAGERIAL REMUNERATION:	Current Year	Previous Year
	Rs.	Rs.
Remuneration		
- Managing Director	12,00,000	11,00,000
- Whole Time Directors	24,00,000	19,00,000
Perquisites		
- Managing Director	24,315	16,093
- Whole Time Directors	47,552	42,654
TOTAL	36,71,867	30,58,747

d) Number of Employees who were in receipt of Rs.24,00,000 or more per annum or Rs.2,00,000 or more per month if employed for a part of the year. Nil Nil

e) **PARTICULARS REGARDING CAPACITY, PRODUCTION, SALES & STOCKS:**

i. Licensed Capacity: Due to de-licensing of Industry there is no licensed Capacity.

ii. **INSTALLED CAPACITY:**

	Current Year	Previous Year
Precured Tread Rubber	4600 TPA	3100 TPA
Cushion Gum	300 TPA	300 TPA
Vulcanizing Solution	150 K.Lts	100 K.Lts
Curing Envelopes	12000 Nos	12000 Nos

iii. **PRODUCTION:**

	Current Year	Previous Year
Precured Tread Rubber (Kgs)	34,09,476	37,59,843
Cushion Gum (Kgs)	1,60,482	1,71,843
Vulcanizing Solution (Lts)	1,56,075	1,59,350
Curing Envelopes (Nos)	272	70
Total	37,26,305	40,91,106

iv. **OPENING STOCK OF FINISHED GOODS:**

	Current Year		Previous Year	
	Qty (Kg)	Value Rs.	Qty (Kg)	Value Rs.
Precured Tread Rubber	4,31,330	5,19,13,645	3,25,662	3,83,76,398
Cushion Gum	10,531	13,90,442	15,682	12,98,613
Vulcanizing Solution (Lts)	11,175	8,03,946	7,525	5,47,147
Curing Envelopes (Nos)	52	96,056	—	—
Others		8,58,691		8,91,731
Total		55,062,780		41,113,889

**v. CLOSING STOCK OF FINISHED GOODS:**

	Current Year		Previous Year	
	Qty (Kg)	Value Rs.	Qty (Kg)	Value Rs.
Precured Tread Rubber	3,14,937	3,69,60,688	4,31,330	5,19,13,645
Cushion Gum	7,804	9,60,027	10,531	13,90,442
Vulcanizing Solution (Lts)	4,475	2,56,097	11,175	8,03,946
Curing Envelopes (Nos)	10	22,342	52	96,056
Others		8,43,498		8,58,691
Total		39,042,652		55,062,780

vi. SALES:

	Current Year		Previous Year	
	Qty (Kg)	Value Rs.	Qty (Kg)	Value Rs.
Precured Tread Rubber	35,25,869	50,62,60,268	34,54,175	47,24,70,105
Cushion Gum	1,63,209	2,70,71,862	1,76,994	2,56,14,270
Vulcanizing Solution (Lts)	1,62,775	1,38,34,689	1,55,700	1,24,10,284
Curing Envelopes (Nos)	314	8,21,374	18	32,684
Others		9,70,746		10,48,668
Total		548,958,939		511,576,011

vii. PARTICULARS OF RAW MATERIALS CONSUMPTION:

Particulars	Current Year		Previous Year	
	Qty (Kg)	Value Rs.	Qty (Kg)	Value Rs.
1. Natural Rubber	10,81,200	11,26,29,392	11,08,750	10,51,83,211
2. Synthetic Rubber	7,79,179	9,53,87,798	8,10,306	7,14,97,523
3. Carbon Black	11,60,550	7,83,58,073	13,07,490	7,31,69,898
4. Rubber Chemicals & Others	5,32,697	3,02,08,131	4,81,974	3,44,21,820
5. Process Oil (Kgs)	4,11,747	1,12,98,215	4,55,565	1,00,55,325
6. Zinc Oxide	43,050	32,03,543	47,523	57,17,601
Total		33,10,85,153		30,00,45,376

	Current Year Rs.	Previous Year Rs.
f) Expenditure in Foreign Currency: On Raw Material	NIL	7, 89,464
On Machinery Consumables	14,57,093	26, 36,506
Earning in Foreign Currency: Sales	NIL	NIL

**g) Transactions with the Related Parties pursuant to Accounting Standard 18**

Sl.No.	Name	Relationship	Amount involved Rs.	Balance as on 31.03.09 Rs.
	Payment of Remuneration			
1.	R.Surendra Reddy	Is the Managing Director of the Company	12,24,315	99,220
2.	P.Varun Kumar	Is the Director Finance of the Company	12,34,575	69,220
3.	K.V.Sarma	Is the Director Operations of the Company	12,12,977	50,389

h) Earning per Share (EPS) –

The numerators and denominators used to calculate Earning per Share:

Particulars	Current Year	Previous Year
Profit attributable to the Equity Share Holders (Rs.)	99,26,179	1,86,57,775
No. of Equity Shares	42,06,800	42,06,800
Nominal Value of Share (Rs.)	10	10
Earning Per Share – Basic (Rs.)	2.36	4.44
Earning Per Share – Diluted (Rs.)	1.77	3.85

- i) @ Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	In Rupees	
	2008-09	2007-08
A Principal amount remaining unpaid as on 31 st March	-	-
B Interest due thereon as on 31 st March	-	-
C Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
D Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
E Interest accrued and remaining unpaid as at 31 st March	-	-
F Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-
j) In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized Rs.1,60,010/- towards deferred tax liability during the year 2008-09. The major components of deferred tax asset / liability is on account of timing difference in depreciation.		



- k) Quarterly financial results are published in accordance with the requirements of listing agreement with stock exchange. The recognition and measurement principle as laid down in the Accounting Standard -25 "Interim Financial Reporting" have been followed in the presentation of these results.
- l) Borrowing costs as per the Accounting Standard AS-16 are attributable to the acquisition or construction of qualifying assets are capitalized Rs.18,67,417/- as part of the cost of such assets. All other borrowing costs are charged to the profit and loss account Rs.19,75,326/- is incurred.
- m) Paise have been rounded off to the nearest rupee.
- n) Previous year figures have been regrouped wherever necessary.

Notes, Schedules, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss account.

SIGNATURES TO SCHEDULE A TO O

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

**For A.M.REDDY & CO.,
CHARTERED ACCOUNTANTS**

**(M.RAMESH REDDY)
CHAIRMAN**

**(CA.RAMANA REDDY.A.V.)
PARTNER
MEMBERSHIP NO. 024329**

**(R.SURENDRA REDDY)
MANAGING DIRECTOR**

**Place: Hyderabad
Date : 30th June, 2009**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2009.**

(Amount in Rs.)

	Year Ended 31-03-2009	Year Ended 31-03-2008
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax And Extra-Ordinary Items	11,588,910	26,324,100
Adjustment for:		
Depreciation	7,042,959	5,350,895
Bad Debts Written Off	1,644,400	1,987,319
Excess Balance in Provision for Taxation	566,902	-
Exchange Variation	64,011	-
Interest	12,094,389	8,276,702
Operating Profit Before Working Capital Changes	<u>33,001,572</u>	<u>41,939,016</u>
Adjustment for:		
Increase/(Decrease) in Inventories	20,224,025	(21,140,878)
Increase/(Decrease) in Sundry Debtors	(204,209)	(8,813,270)
Increase/(Decrease) in Loans and Advances	6,799,573	5,924,973
Increase/(Decrease) in Current Liabilities & Provisions	(16,251,206)	(10,387,019)
Increase/(Decrease) in Cash Credit (Hyp.)	(3,686,219)	25,991,167
Direct Taxes Paid (Net)	(2,069,623)	(2,985,129)
Cash generated from operations	<u>4,812,340</u>	<u>(11,410,156)</u>
Net cash flow from operating activities	<u>37,813,912</u>	<u>30,528,860</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,903,115)	(23,480,676)
Increase in Capital WIP	2,282,266	(1,294,834)
Net cash used in Investing Activities	<u>(18,620,849)</u>	<u>(24,775,510)</u>
C) CASH FLOW FROM FINANCIAL ACTIVITIES:		
Proceeds from Long-Term Borrowings	(10,827,187)	18,793,382
Interest Paid	(12,094,389)	(8,276,702)
Dividend	(2,460,873)	-
Net Cash flow in Financial Activities	<u>(25,382,449)</u>	<u>10,516,680</u>
Net Increase/Decrease in Cash and Cash Equivalent	(6,189,386)	16,270,030
Opening Balance of Cash and Cash Equivalent	2,5075,823	8,805,793
Closing Balance of Cash and Cash Equivalent	<u>18,886,437</u>	<u>25,075,823</u>

For and on behalf of the Board

Place : Hyderabad
Date: 30th June, 2009(M. RAMESH REDDY)
Chairman(R. SURENDRA REDDY)
Managing Director

We have examined the above Cash Flow Statement of M/s Vamshi Rubber Ltd for the year ended 31st March 2009. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Bombay Stock Exchange and is based on and in Agreement with corresponding Profit and loss Account and Balance Sheet of the Company covered by our report of 30th June 2009 to the members of the Company.

Place : Hyderabad
Date: 30th June, 2009For A.M.REDDY & CO,
Chartered Accountants(CA.RAMANA REDDY.A.V.)
Partner
Membership No. 024329



Information as required under schedule-VI to the Companies Act, 1956 as amended to date:

SCHEDULE – VI

PART –IV

BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

I) REGISTRATION DETAILS

Registration Number : 01-16634 of 1993-94
State Code : 01
Balance Sheet Date : 31-03-2009

II) CAPITAL RAISED DURING THE YEAR (AMOUNT RS.IN THOUSANDS)

Public Issue : - Nil –
Rights Issue : - Nil –
Bonus Issue : - Nil –
Private Placement / Others : - Nil –

III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities : 267954
Total Assets : 267954
Sources of Funds : 243077
Paid-Up Capital : 42068
Reserves & Surplus : 31708
Secured Loans : 101989
Un-Secured Loans : 53370
Application of Funds : 24077
Net Fixed Assets : 107909
Investments : -
Net Current Assets : 133284
Miscellaneous Expenditure : 1883
Deferred Tax Net : 13941
Profit & Loss : -

IV) PERFORMANCE OF COMPANY

Turnover : 548959
Total Expenditure : 527121
Profit before Tax : 11589
Profit after Tax : 9926
Earnings per Share in Rs. : 2.36
Dividend Rate (%) : 5%

V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code (ITC Code) : 4008 29 40
Product Description : PRECURED TREAD RUBBER
Item Code (ITC Code) : 4002 99 20
Product Description : CUSHION GUM
Item Code (ITC Code) : 3506 99 99
Product Description : VULCANISING SOLUTION
Item Code (ITC Code) : 4016 99 90
Product Description : CURING ENVELOPES

Vamshi Rubber Limited

Regd. Office: 8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills, Road No. 1, Hyderabad - 500 034. A.P.

ATTENDANCE SLIP

15th Annual General Meeting, Tuesday the 29th September, 2009

D.P.Id*
Client Id*

Reg. Folio No.

Name & Address of the Share Holder : _____

No. of share(s) held : _____

I certify that I am a member/proxy for a member of the company. I hereby record my presence at the 15th Annual General Meeting of the Company being held on Tuesday the 29th day of September, 2009 at 10.30 A.M. at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.

** Member's/Proxy's Name in Block Letters

** Member's/Proxy's Signature

Note: Member / Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable



Vamshi Rubber Limited

Regd. Office: 8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills, Road No. 1, Hyderabad - 500 034. A.P.,

PROXY FORM

D.P.Id*
Client Id*

Reg. Folio No.

I/We.....

of

being a member/members of M/s. VAMSHI RUBBER LIMITED hereby appoint.....

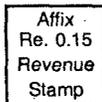
of

or failing him/her.....

of

as my/our proxy to vote for me/us on behalf at the 15th Annual General Meeting of the Company to be held on onTuesday the 29th day of September, 2009 at 10.30 A.M. at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.

Signed this day of 2009



Note : 1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company, not less than 48 hours before the time of holding of the meeting.

* Applicable for Investors holding shares in electronic form.

Signature



Vamshi Rubber Limited

8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills,
Road No.1, Hyderabad – 500 034, A.P.
e-mail : info@vamshirubber.org
Website : www.vamshirubber.org